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Franchise Brands PLC
17 September 2024

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FRANCHISE BRANDS PLC
("Franchise Brands", the "Group" or the "Company")

Interim results for the six months ended 30 June 2024

Key divisions achieved record System sales despite some anticipated moderation in demand across certain sectors

Full-year Adjusted EBITDA[1] expected to be within the range of current market expectations

Integration of Pirtek Europe progressing well with significant growth potential

Change of nominated adviser and auditor

Franchise Brands plc (AIM: FRAN), an international multi-brand franchise business, is pleased to announce its unaudited interim results for the six months ended 30 June 2024.

Financial highlights - ***Resilient trading and strong cash generation to reduce the debt taken on to fund the Pirtek Europe acquisition***

- System sales increased by 42% to £206.0m (H1 2023: £145.5m).
- Statutory revenue increased by 35% to £69.8m (H1 2023: £51.9m).
- Adjusted EBITDA[2] increased by 45% to £17.8m (H1 2023: £12.3m).
- Adjusted profit before tax[3] increased by 21% to £10.6m (H1 2023: £8.8m).
- Adjusted EPS[4] decreased 7% to 4.04p (H1 2023: 4.34p) as a result of the increased interest cost of the Pirtek Europe acquisition debt, a 2.7% increase in the tax rate and the 25% increase in the average number of shares in issue.
- Adjusted net debt[5] of £69.9m as at 30 June 2024 (30 June 2023: £74.7m) which represents leverage[6] to 31 December 2024 of 1.9x (31 December 2023: 2.48x).
- Cash conversion significantly increased to 72% (H1 2023: 57%) demonstrating the Group's strong cash-generation.
- 10% increase in the interim dividend declared to 1.10p per share (2023 interim dividend: 1.0p per share).

Operational highlights - ***All key divisions achieved record System sales***

- The Pirtek Europe division generated record total system sales of £92.8m, up 2% on a like-for-like basis, a resilient performance given more subdued market conditions.
- Integration of Pirtek Europe into the Group continues to progress well, particularly in IT.
- Metro Rod delivered record system sales of £39.3m an increase of 5% (H1 2023: £37.4m).
- Significant improvement in Willow Pumps' profitability.
- Increase in system sales at Filta International of 5% to a record £45.0m despite weaker used cooking oil price; FiltaMax strategic growth initiatives gaining traction.
- Creditable performance in B2C division despite challenging environment.

Full year outlook - ***In line with the current range of market expectations***

- The resilient underlying demand for the Group's essential reactive services means that the business performed satisfactorily despite the macroeconomic headwinds.
- Management remains focused on driving organic growth through cross selling and integrating all the Group's businesses onto common IT platforms, whilst tightly controlling costs**.**
- Whilst mindful of continued uncertainty in some markets, early signs of improving macroeconomic sentiment and the pipeline of opportunities should support an improvement in demand and a full year performance in line with the current range of market expectations for Adjusted EBITDA.
- Confident in the significant growth potential of the Group's principal franchise brands and that the platform for growth being built supports the strategic ambitions set out at the Capital Markets Day held earlier this year.

1. Current market expectations of Adjusted EBITDA for the financial year ending 31 December 2024 are £35.7m to £37.2m.
2. Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, impairment losses, exchange differences, share-based payment expense and non-recurring items.
3. Adjusted profit before tax is earnings before amortisation of acquired intangibles, share-based payment expense, non-recurring items

3. Adjusted profit before tax is earnings before amortisation of acquired intangibles, share-based payment expense, non-recurring items and tax.
4. Adjusted EPS is earnings per share before amortisation of acquired intangibles, share-based payment expense and non-recurring items.
5. Adjusted net debt is the key debt measure used for testing bank covenants and excludes debt on right-of-use assets of £9.7m.
6. Leverage is calculated using Adjusted net debt as at 30 June 2024 of £69.9m and Adjusted EBITDA for the financial year ending 31 December 2024 of £36.6m, which is the consensus of current market expectations.

Stephen Hemsley, Executive Chairman, commented:

"Underlying demand for the Group's essential reactive services resulted in a resilient performance in the first half of 2024, with all our key divisions achieving record System sales, despite some anticipated moderation in demand across certain sectors. This is enabling us to generate both the profitability and cash flow required to reduce the debt taken on to fund the Pirtek Europe acquisition.

"We have made solid progress, with the integration of Pirtek Europe progressing well, as we look to drive organic growth through cross selling across the Group, enabled by common IT platforms in place. We also believe technology will be key to unlocking the benefits of operational gearing and will play a significant part in underpinning future margin expansion.

"Whilst mindful of continued uncertainty in some markets, early signs of improving macroeconomic sentiment and our pipeline of opportunities should support an improvement in demand and a full year performance in line with the current range of market expectations for Adjusted EBITDA.

"We are confident in the significant growth potential of our principal franchise brands as they grow their small shares of large, fragmented markets, expand their range of services and geographical penetration, and cross-sell to our large customer base. The platform for growth we are building as we focus on integrating our recent acquisitions supports the strategic ambitions set out at our Capital Markets Day held earlier this year."

Change of nominated adviser and auditor

Franchise Brands also announces today the appointment of Stifel Nicolaus Europe Limited as nominated adviser to the Company, with effect from 1 October 2024. Following an audit tender process led by the Audit Committee, the Board also announces that it has appointed PKF Littlejohn LLP as its statutory auditor, in place of BDO LLP whose resignation has been received.

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About Franchise Brands plc

Franchise Brands is an international, multi-brand franchisor focused on B2B van-based service with 7 franchise brands and a presence in 10 countries across the UK, North America and Europe. The Group is focused on building market-leading businesses primarily via a franchise model and has a combined network of over 625 franchisees.

The Company owns several market-leading brands with long trading histories, including Pirtek in Europe, Filta, Metro Rod and Metro Plumb, all of which benefit from the Group's central support services, particularly technology, marketing, and finance. At the heart of Franchise Brands' business-building strategy is helping its franchisees grow their businesses: "as they grow, we grow".

Franchise Brands employs over 650 people across the Group.

For further information, visit www.franchisebrands.co.uk

CHAIRMAN'S STATEMENT

Introduction

The first half of 2024 has been a period of satisfactory progress and integration following the acquisition of Pirtek Europe in the comparative period last year. The resilient underlying demand for the Group's essential reactive services resulted in all key divisions achieving record sales despite some anticipated moderation in demand across certain sectors. Early signs of improving macroeconomic sentiment and a pipeline of opportunities should support an improvement in demand and a full-year performance in line with current market expectations for Adjusted EBITDA in the range of £35.7m to £37.2m.

The highly cash-generative nature of our predominantly franchised business has allowed us to reduce

Adjusted net debt to below £70m and leverage to below two times (against the consensus current market expectations for full-year Adjusted EBITDA),in line with the medium-term strategic model outlined at our Capital Markets Day earlier this year.

Pirtek Europe

The Pirtek Europe division generated total System sales of £92.8m, compared to £37.2m in the ten-weeks of ownership in H1 2023, representing 2% growth on a like-for-like basis. It operates in eight countries, with its three major markets in the UK & Republic of Ireland ("RoI"); Germany & Austria; and Benelux accounting for 94% of Pirtek Europe's System sales in H1. These businesses are market leaders, providing national coverage primarily on a franchise basis.

In H1 2024, the UK & RoI maintained System sales at £41.3m from its 81 service centres in the UK and five in the RoI, despite softer demand resulting from the slowdown in the construction and plant hire sectors and reduced project work, as increased interest rates and the uncertainty surrounding the UK general election held back activity. These sectors are now showing signs of a modest recovery, and we anticipate a return to growth in H2.

Germany & Austria generated System sales of £33.7m, a like-for-like increase in local currency of 3.4% on H1 2023, from its 93 service centres in Germany and six in Austria. The region continued to grow, with a new service centre opening in Germany and infrastructure investment by the German government supporting demand, despite demand being held back by the significant slowdown in German manufacturing, where we are seeing modest signs of recovery in the second half.

Benelux generated system sales of £12.3m in the period, a like-for-like increase in local currency of 10.9% on H1 2023, from its 16 service centres in the Netherlands and eight in Belgium. The key drivers of this growth were the provision of reactive services to the infrastructure, shipping and logistics sectors, whilst larger quoted discretionary work was more limited.

Pirtek's smaller operations in France and Sweden are corporately operated with strong regional footholds. France generated System sales of £4.1m, a like-for-like increase in local currency of 9.9% on H1 2023, from its eight service centres aided by extra work resulting from the Paris Olympics.

Sweden generated System sales of £1.4m, a like-for-like decline in local currency of 4.1% in H1 2023 from its one service centre and 24 mobile service vehicles due to a significant slowdown in the construction and plant hire sector, which started in H2 2023 and continued in H1 2024.

The integration of Pirtek Europe into Franchise Brands continues to progress well, particularly in IT. We have introduced our Vision works management system into France and are progressing with the modifications necessary to roll it out in the franchise markets of the UK, Germany, and Benelux. We are also sharing resources more widely across the Pirtek business. The cross-selling initiative to the Group's wider customer base is also progressing, with more dedicated resources, combined with technology, planned to ensure these opportunities are identified and actioned.

The Maximum Potential Model, which we use to estimate the potential size of our markets, has been implemented in all the larger markets and is beginning to highlight new opportunities. Further work is being undertaken to refine the use of the model in a business where it is more difficult to identify the customer's location due to the reactive service often being provided on moveable plant machinery.

Overall, Pirtek Europe has made a slow start to the year because of a number of external factors as noted above. However, in recent weeks there have been some early signs of recovery. We are hopeful that, with interest rates starting to reduce the market will return to a period of more robust growth.

Water & Waste Services division

The Water & Waste Services division is a UK-based business that includes Metro Rod, Metro Plumb, Kemac, Willow Pumps, the Filta UK direct labour operations ("DLO"), and the UK Filta Environmental franchise network. Overall System sales grew by 5% to £54.6m (H1 2023: £52.1m).

Metro Rod, Metro Plumb and Kemac

Metro Rod, Metro Plumb, and Kemac increased system sales by 5% to £39.3m (H1 2023: £37.4m). This growth was spread throughout almost the entire network, with 80% of franchisees growing their businesses in the period (H1 2023: 86%) and 44% growing by more than 20% year-on-year (H1 2023: 48%).

Metro Plumb continues to grow, with 21 stand-alone franchisees and 18 Metro Rod franchisees who also operate a Metro Plumb franchise. Metro Plumb system sales grew 14% and we continue to focus on increasing the number of stand-alone franchisees and broadening the customer base.

The B2B drainage and plumbing markets in the UK continue to be challenging, with customers holding back their discretionary spending on non-essential maintenance work and favouring reactive repairs rather than replacement. Sales were also held back by our firmer position with slow-paying customers, which we regard as an essential safeguard against bad debts and in order to maximise our cashflow.

Willow Pumps

System sales (excluding corporate franchises) grew by 5% to £8.6m (H1 2023: £8.2m). The initiatives taken in 2023 to reduce our exposure to high sales, low margin activities are beginning to be realised. In particular, the Special Projects division, which is engaged in larger, longer-term projects beyond the scope of most Metro Rod franchisees, is gaining momentum and is building a pipeline of work for H2 and beyond. These initiatives have resulted in a significant improvement in both gross margin and Adjusted EBITDA.

Filta UK

The revised strategy for this area of the business is centred around the transfer of as much grease recovery unit ("GRU") work as possible from direct labour to the expanded Filta Environmental franchise network. Franchisees now complete almost all the GRU servicing work, and, as a result, the Management Service Fee ("MSF") income has increased by 52% year-on-year. Most of the GRU installation work is still being undertaken by direct labour and this work has increased as the supply issues with the Cyclone GRU have been overcome. We are accelerating the training of the Filta Environmental franchisees to install the GRUs and source more customers for installations while reducing our dependency on direct labour.

Filta Seal System sales grew by 15% in the period to £1.2m (H1 2023: £1.0m) as we continue to expand this DLO activity. Filta Pumps also grew by 17% to £1.0m (H1 2023: £0.9m).

Overall revenue at Filta UK has grown by 15% to £6.0m (H1 2023: £5.3m). We continue to review how we can integrate Filta more effectively into the wider Water & Waste Services division to maximise the cross-selling opportunities and reduce administrative overheads.

The softer market conditions in H1 are showing some modest signs of improvement, but until we see more solid growth returning to the UK economy, which will probably follow further interest rate reductions, it is difficult to predict a return to the double-digit growth rates that have historically been achieved in this division.

Filta International

Filta International operates in the US, Canada and continental Europe.System sales in North America increased by 7% in local currency (5% increase in sterling) and were flat in Europe (1% decline in sterling). System sales of the underlying franchise business in North America (excluding used cooking oil ("UCO") sales), increased 12% in local currency and 11% in sterling.

The FiltaMax strategic growth initiatives, based on the Maximum Potential Model, are beginning to be realised, with the number of franchisees offering an expanded range of services continuing to grow with the addition of new bulk virgin oil sales (FiltaGold) and an eco-friendly kitchen cleaning service (FiltaClean), which will reduce the impact of used oil sales in the future. For example, over 40% of franchisees now offer the FiltaClean service.

The roll-out of the MSF model continues to gain momentum due to franchisees expanding their range of services, as new services attract an MSF as soon as they are adopted, and also on the renewal of their franchise agreements. This has resulted in a 23% increase in MSF income year-on-year. This change will better align our interests with those of our franchisees as we will be fairly rewarded for helping them grow System sales rather than receiving a fixed fee based on the number of Mobile Filtration Units in use.

Filta International's income from the sales of UCO in the first half of 2024 was impacted by a 27% fall in the average price, which was only partially compensated for by a 15% increase in volume in the period. This resulted in an 16% year-on-year reduction in the revenue from UCO. The reason for the fall in the UCO price may be attributable to the following factors:

- Increased imports of UCO from China;
- The current competitive price of virgin soybean oil resulting from favourable growing conditions; and
- Federal subsidies becoming more challenging to access.

The volatility of the UCO price has reduced in H1 2024 compared to 2023. In 2023, the price of UCO ranged from a high of 0.54/lb in February to a low of 0.40/lb in December, with a full-year average of 0.48/lb. Since January 2024, the price has moved in a narrower range of 0.29/lb. to 0.38/lb., with an H1 average of 0.35/lb. Despite the fall in price, the underlying demand for UCO for reprocessing into biodiesel and for use in animal feeds remains robust and will remain a key source of income for both us and our franchisees for the foreseeable future, although the diversification of Filta's range of services will reduce reliance on this source of income.

System sales in Filta's European markets were flat year-on-year, but overhead savings have almost eliminated the losses. We continue to work on a long-term plan to grow this business, but in the short term, we are looking to merge the overhead with the established Pirtek business in Europe.

looking to merge the overhead with the established Pirtek business in Europe.

B2C division

The B2C division comprises the ChipsAway, Ovenclean, and Barking Mad franchise businesses. The recruitment market for small consumer-facing franchise businesses remains challenging. Elevated interest rates increase the costs of setting up a new business and this, combined with high salaries and low unemployment, is making self-employment a less attractive option. These factors also impact the retention of existing franchisees. Notwithstanding this backdrop, the underlying trading of individual franchisees remains robust, with average sales per franchisee increasing 9% on total System sales which were up 3% to £13.2m (H1 2023: £12.9m).

During the period we recruited 16 new franchisees (H1 2023: 26) and had 25 leavers (H1 2023: 38), resulting in a net reduction in the number of franchisees of nine (H1 2023: 12). At 30 June 2024 we had 318 franchisees (31 December 2023: 327).

Corporate development and capital allocation

Following recent acquisitions, our strategic focus is on integrating these businesses into the Group and repaying the acquisition debt facilities. The Board does not expect to make any further significant acquisitions until the outstanding debt is substantially repaid, which we anticipate will occur in 2027. Capital allocation decisions will balance debt reduction, a progressive dividend policy and investment in the organic expansion of the Group.

We will seek to organically grow system sales by cross-selling all Group services into our enlarged customer base and expanding the range of services offered to gain a greater share of our customers' spending. The Maximum Potential Model demonstrates the significant opportunity we have for all our B2B businesses, which have small shares of large, fragmented markets.

We continue the implementation of a common IT platform that will be managed centrally. We believe this will be key to unlocking the benefits of operational gearing and will play a significant part in underpinning future margin expansion.

Corporate matters

Franchise Brands announces the appointment of Stifel Nicolaus Europe Limited as nominated adviser to the Company with effect from 1 October 2024. Allenby Capital Limited, Dowgate Capital Limited and Stifel Nicolaus Europe Limited will remain as joint brokers to the Company.

Following an audit tender process led by the audit committee, the Board has appointed PKF Littlejohn LLP as its statutory auditor, in place of BDO LLP whose resignation has been received.The previous auditor, BDO, has confirmed that there are no matters to be brought to the attention of the Company's members or creditors in accordance with section 519 of the Companies Act 2006.

Further to our announcement on 20 June 2024 the Company has commenced a formal and rigorous search process for the position of Chief Financial Officer. We will provide a further update once that has concluded and, in the meantime, Andrew Mallows who has been a key part of the Franchise Brands team for many years, has been appointed Interim Chief Financial Officer and a Director of the Company.

Outlook

The resilient underlying demand for the Group's essential reactive services means that the business continues to grow. This is enabling us to generate both the profitability and the cash flow required to service and reduce the debt taken on to fund the Pirtek Europe acquisition. Our key divisions all achieved record sales in H1 2024, despite some softening in demand in certain sectors and customer spending being held back and more selective.

In the face of moderated demand, we have strictly controlled the factors within our control, such as the growth in general overheads and recruitment. However, inflationary pressures have made this challenging in some areas, particularly in professional services such as audit. There have also been some factors outside our control, such as the price of UCO.

Whilst mindful of continued uncertainty in some markets, early signs of improving macroeconomic sentiment and our pipeline of opportunities should support an improvement in demand and a full year performance in line with current market expectations of Adjusted EBITDA in the range £35.7m to £37.2m.

We are confident in the significant growth potential of our principal franchise brands, Pirtek, Metro Rod and Metro Plumb and Filta International, as they grow their small shares of large, fragmented, markets, expand their range of services and geographical penetration, and cross-sell to our large customer base. The platform for growth we are building as we focus on integrating our recent acquisitions supports the strategic ambitions set out at our Capital Markets Day held earlier this year.

Conclusion

H1 has been a demanding period for our team and our franchisees. However, everyone has responded with the energy and determination you can only achieve when people have "skin in the game", and I thank them for this. A franchise business is a collection of family-owned businesses where the results have a material impact on people's wealth and happiness. They are supported by our team who "get it" and are, in turn, incentivised with shares and share options in our business. In that way, we align everyone with the objective of helping our franchisees grow. As they grow, we grow.

Stephen Hemsley
Executive Chairman

FINANCIAL REVIEW

Summary statement of income (unaudited)

	H1 2024	H1 2023 restated	Change	Change
	£'000	£'000	£'000	%
System sales	**206,035**	145,475	60,560	42%
Revenue	**69,800**	51,875	17,925	35%
Cost of sales	**(25,940)**	(22,641)	(3,299)	15%
Gross profit	**43,860**	29,234	14,626	50%
Administrative expenses	**(26,099)**	(16,963)	(9,136)	54%
Adjusted EBITDA	**17,761**	12,271	5,490	45%
Depreciation & amortisation of software	**(2,998)**	(1,841)	(1,157)	63%
Finance expense	**(3,996)**	(1,611)	(2,385)	148%
Foreign Exchange	**(200)**	(69)	(131)	190%
Adjusted profit before tax	**10,567**	8,750	1,817	21%
Tax expense	**(2,793)**	(2,077)	(716)	34%
Adjusted profit after tax	**7,774**	6,673	1,101	16%
Amortisation of acquired intangibles	**(5,111)**	(4,027)	(1,084)	
Share-based payment expense	**(557)**	(411)	(146)	
Non-recurring items	**(0)**	(2,991)	2,991	
Tax on adjusting items	**1,512**	145	1,367	
Statutory profit	**3,618**	(611)	4,229	692%
Other comprehensive income	**101**	-	101	
Total Profit and Other Comprehensive Income	**3,719**	(611)	4,330	709%

The Group's results for the first half of 2024 include a full six-month contribution from Pirtek compared to ten-weeks in the comparative period. H1 2023 also includes a number of adjustments which were set out in Note 1 of the 2023 Annual Report & Accounts.

Systems sales, which comprise the underlying sales of our franchisees and the statutory revenue of our DLOs, increased by 42% to £206.0m in the period (H1 2023: £145.5m). System sales is one of the most important Group KPI's and is considered a good indicator of Group performance, allowing total sales to end customers to be visible on a comparable basis across all Group businesses. Despite some anticipated softening in demand in certain sectors, the resilient underlying demand for the Group's essential reactive services resulted in all the key divisions achieving record sales.

Statutory revenue increased by 35% to £69.8m (H1 2023: £51.9m). Statutory revenue comprises many different types of revenue, including the MSF, which is now recorded on a net basis, as well as the statutory revenue of our DLOs.

Adjusted EBITDA, which is the main KPI of the business, increased 45% to a record £17.8m (H1 2023: £12.3m) driven by a resilient trading performance in a period of consolidation and integration. Overall, the ratio of Adjusted EBITDA to System sales, another important KPI, increased to 8.6% (H1 2023: 8.4%), as a result of the operational gearing arising from efficiency gains and integration cost savings.

Another key metric of the business, which drives organic investment, debt repayment and dividends, is cash conversion (cash from operations/Adjusted EBITDA). Excluding the Pirtek acquisition and re-organisation costs in H1 2023, the cash conversion rate increased to 72% from 57% in the comparative period, demonstrating the strong cashflow performance of the Group's franchise businesses.

Divisional trading results

The Group's divisional trading results may be summarised as follows:

Six months to 30 June 2024:

	Water &	Inter-

	Pirtek	Waste Services	Filta Intl	B2C	Azura	company elimination	H1 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
System sales	**92,838**	**54,562**	**44,956**	**13,248**	**431**		**206,035**
Statutory revenue	**31,269**	**24,437**	**12,037**	**2,975**	**430**	**(1,348)**	**69,800**
Cost of sales	(8,213)	(11,139)	(7,185)	(551)	(0)	1,148	(25,940)
Gross profit	**23,056**	**13,298**	**4,852**	**2,424**	**430**	**(200)**	**43,860**
GP%	*74%*	*54%*	*40%*	*81%*	*100%*	*15%*	63%
Administrative expenses	(12,701)	(7,945)	(1,925)	(1,386)	(363)	200	(24,120)
Divisional EBITDA	**10,355**	**5,353**	**2,927**	**1,038**	**67**	**-**	**19,740**
Group Overheads	-	-	-	-	-	-	(1,979)
Adjusted EBITDA	-	-	-	-	-	-	**17,761**

Six months to 30 June 2023:

	Pirtek	Water & Waste Services	Filta Int'l	B2C	Azura	Inter-company elimination	H1 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
System sales	**37,168**	**52,060**	**42,998**	**12,880**	**369**		**145,475**
Statutory revenue	12,432	24,149	13,514	3,134	369	(1,723)	51,875
Cost of sales	**(3,337)**	**(11,567)**	**(8,601)**	**(666)**	**(0)**	**1,530**	**(22,641)**
Gross profit	9,095	12,582	4,913	2,468	369	(193)	29,234
GP%	*73%*	*52%*	*36%*	*79%*	*100%*	*11%*	56%
Administrative expenses	(5,238)	(7,385)	(1,807)	(1,317)	(270)	193	(15,824)
Divisional EBITDA	**3,857**	**5,197**	**3,106**	**1,151**	**99**	**-**	**13,410**
Group Overheads	-	-	-	-	-	-	(1,139)
Adjusted EBITDA	-	-	-	-	-	-	**12,271**

On consolidation, certain inter-company revenues and costs are eliminated to reconcile the Group's statutory revenues, gross profit, and administrative expenses to the underlying entities. The net effect on Adjusted EBITDA is zero.

Pirtek Europe

The results for H1 2024, and the comparative ten-weeks from the acquisition in April 2023, may be summarised as follows:

Pirtek Europe	Franchised	DLO	Central Costs	H1 2024	Franchised	DLO	Central Costs	H1 2023	Change	Change
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
System sales	**83,642**	**9,196**	**-**	**92,838**	**33,847**	**3,321**	**-**	**37,168**	**55,670**	**150%**
Statutory revenue	**22,277**	**9,196**	**(204)**	**31,269**	**9,132**	**3,321**	**(21)**	**12,432**	**18,837**	**152%**
Cost of sales	(5,957)	(2,447)	191	(8,213)	(2,606)	(752)	21	(3,337)	(4,876)	146%
Gross profit	**16,320**	**6,749**	**(13)**	**23,056**	**6,526**	**2,569**	**-**	**9,095**	**13,961**	**154%**
GP%	*73%*	*73%*	*6%*	*74%*	*71%*	*77%*	-	*73%*	*1%*	*1%*
Administrative expenses	(6,721)	(5,498)	(482)	(12,701)	(2,699)	(2,150)	(389)	(5,238)	(7,463)	142%
Adjusted EBITDA	**9,599**	**1,251**	**(495)**	**10,355**	**3,827**	**419**	**(389)**	**3,857**	**6,498**	**168%**

The Pirtek Europe division generated total System sales of £92.8m compared to £37.2m in the ten weeks of ownership in 2023. On a like-for-like basis, System sales grew by just 2% due to softening demand in the construction and hire-fleet sectors in the UK and the manufacturing sector in Germany. Most markets also suffered from higher value project work being held back. 90% of System sales was generated from franchising and 10% from DLO operations (of which 6% related to Pirtek France and Sweden).

Statutory revenue in H1 2024 was £31.3m (H1 2023: £12.4m). Statutory revenue is made up of MSF and other fee income generated from franchisees, the sale of materials used in the core hose replacement business upon which no margin is made, and the sales revenue generated by the corporate operations. The business also generates modest revenue from the sale and resale of franchise territories.

The central costs mostly represent the cost of Pirtek Europe's head office, which is based in Acton, London. Following the acquisition, this function was significantly streamlined as the first step in integrating this business into the enlarged Group, resulting in a 53% like-for-like reduction in cost.

Overall, Adjusted EBITDA in the period was £10.4m (H1 2023: £3.9m) which we consider a satisfactory performance in challenging market conditions. Of the major markets, UK & RoI accounted for 49% of Adjusted EBITDA, Germany & Austria for 33% and Benelux for 19%. The ratio of Adjusted EBITDA to System sales increased to 11.2% in H1 2024 from 10.4% in H1 2023 as a result of integration cost savings.

Water & Waste Services division

The results of the Water & Waste Services division may be summarised as follows:

	Metro Rod	Willow Pumps	Filta UK	H1 2024	Metro Rod	Willow Pumps	Filta UK	H1 2023	Change	Change
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
System sales	**39,285**	**9,237**	**6,040**	**54,562**	**37,349**	**9,437**	**5,274**	**52,060**	**2,502**	**5%**
Statutory revenue	**9,753**	**9,237**	**5,447**	**24,437**	**9,438**	**9,437**	**5,274**	**24,149**	**288**	**1%**
Cost of sales	(1,859)	(5,882)	(3,398)	(11,139)	(1,901)	(6,411)	(3,255)	(11,567)	428	(4%)

Gross profit	**7,894**	**3,355**	**2,049**	**13,298**	**7,537**	**3,026**	**2,019**	**12,582**	**716**	**6%**
GP%	*81%*	*36%*	*38%*	54%	*80%*	*32%*	*38%*	52%	*2%*	*4%*
Administrative expenses	(4,189)	(2,258)	(1,498)	(7,945)	(3,803)	(2,132)	(1,450)	(7,385)	(560)	8%
Adjusted EBITDA	**3,705**	**1,097**	**551**	**5,353**	**3,734**	**894**	**569**	**5,197**	**156**	**3%**

Metro Rod

The results for Metro Rod, which includes Metro Plumb and Kemac, may be summarised as follows:

Metro Rod Group

	2024	**2023**	**Change**	**Change**
	£'000	**£'000**	**£'000**	**%**
System sales	**39,285**	**37,349**	**1,936**	**5%**
Statutory revenue	**9,753**	**9,438**	**315**	**3%**
Cost of sales	(1,859)	(1,901)	42	(2%)
Gross profit	**7,894**	**7,537**	**357**	**5%**
GP%	*81%*	*80%*	*1%*	*1%*
Administrative expenses	(4,189)	(3,803)	(386)	10%
Adjusted EBITDA	**3,705**	**3,734**	**(29)**	**(1%)**

Overall, System sales at Metro Rod and Metro Plumb increased by 5% to £37.5m (H1 2023: £35.3m).Kemac's revenue during the first half decreased by 8% to £1.5m (H1 2023: £1.6m) as a result of selling two of its six Metro Plumb territories to franchisees.

Statutory revenue increased 3% to £9.8m (H1 2023: £9.4m) and includes MSF; other fee income from franchise sales and resales and training; DLO customers' revenue from corporate franchises and Kemac; and the revenue generated from the National Advertising Fund ("NAF").

As MSF is the key driver of Adjusted EBITDA, it is re-analysed and compared to System sales as follows:

Metro Rod	**H1 2024**	**H1 2023**	**Change**	**Change**
	£'000	**£'000**	**£'000**	**%**
System Sales	**37,468**	**35,324**	**2,144**	**6%**
MSF Income	7,053	6,722	331	5%
Effective MSF %	*18.8%*	*19.0%*		
Other Gross profit	841	815	26	3%
Gross profit	**7,894**	**7,537**	**357**	**5%**

MSF represented 72% (H1 2023: 71%) of Statutory revenue.We continue to support Metro Rod's franchisees with incentives to widen and deepen the range of services offered, such as pump service and tankering, which attract a lower rate of MSF. The growth of these areas marginally diluted the effective rate of MSF to 18.8% of System sales (H1 2023: 19.0%).

Other gross profit, which was flat over the period, includes the gross profit generated by Kemac and the North Scotland corporate franchise; gross profit on franchise sales and resales and the costs incurred by the NAF (which is a non-profit generating).

During the period, Metro Rod sold part of a corporately-operated franchise in North Scotland to a newfranchisee. The resulting smaller geographical footprint of the remaining business has resulted in increased operational efficiency and therefore reduced losses.

Overall, administrative expenses grew by 10% due to inflationary pressures on wages and other fixed costs. As a result, Adjusted EBITDA fell by 1% to £3.7m (H1 2023: £3.7m). As a result of the increase in administrative expenses exceeding the rate of sales growth, the ratio of Adjusted EBITDA to System sales declined to 9.4% from 10.0%.

Willow Pumps

The results for Willow Pumps may be summarised as follows:

Willow Pumps

	2024	**2023**	**Change**	**Change**
	£'000	**£'000**	**£'000**	**%**
Statutory revenue	**9,237**	**9,437**	**(200)**	**(2%)**
Cost of sales	(5,882)	(6,411)	529	(8%)
Gross profit	**3,355**	**3,026**	**329**	**11%**
GP%	*36%*	*32%*	*4%*	*13%*
Administrative expenses	(2,258)	(2,132)	(126)	6%
Adjusted EBITDA	**1,097**	**894**	**203**	**23%**

The core business has historically had two distinct revenue streams: service revenue and supply and install revenue ("S&I"). A third revenue stream was launched in H1 2023 with the establishment of a Special Project Division.

Service revenue is generated from the routine service and maintenance of above and below-ground pumps and drains. Overall, service revenue fell by 5% in the period, however, gross profit rose by 10% as a result of management's focus on delivering higher-margin work.

S&I revenue is generated from the design, supply, and installation of pump stations, which historically have been larger, longer-term projects. Whilst maintaining this activity on a more selective basis, Willow Pumps management has placed greater emphasis on lower revenue, higher-margin, work that can be completed in shorter time frames. As a result, revenue from this activity increased by 14% and gross profit by an impressive 34%.

The Special Projects division is engaged in larger longer-term projects.The risk and cash-flow challenges of this type of work are being mitigated by using subcontractors. During the first half, this activity contributed revenue of £0.4m (H1 2023: nil).

As a result of the shift in focus at Willow Pumps towards lower value, higher margin work, revenue fell by 2% but gross profit increased by 11% which combined with effective control of overheads resulted in an increase in Adjusted EBITDA of 23% to £1.1m (H1 2023: £0.9m).

Filta UK

The results of Filta UK may be summarised as follows:

Filta UK	2024	2023	Change	Change
	£'000	£'000	£'000	%
System sales	**6,040**	**5,274**	**766**	**15%**
Statutory revenue	**5,447**	**5,274**	**173**	**3%**
Cost of sales	(3,398)	(3,255)	(143)	4%
Gross profit	**2,049**	**2,019**	**30**	**1%**
GP%	*38%*	*38%*	*-1%*	
Administrative expenses	(1,498)	(1,450)	(48)	3%
Adjusted EBITDA	**551**	**569**	**(18)**	**(3%)**

Filta UK continues to expand with an increasing emphasis on developing the franchise channel by transferring work from direct labour. This results in a transfer of margin from corporate to franchisees which has resulted in a small reduction in Adjusted EBITDA. This is considered acceptable during a period of transition that we allow us to grow a viable and sustainable Filta Environmental franchise system that will grow significantly in future years.

Filta International

The results for Filta International may be summarised as follows:

Filta International	North America	Europe	H1 2024	North America	Europe	H1 2023	Change	Change
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
System sales	**43,261**	**1,695**	**44,956**	**41,281**	**1,717**	**42,998**	**1,958**	**5%**
Statutory revenue	**11,754**	**283**	**12,037**	**13,178**	**336**	**13,514**	**(1,477)**	**(11%)**
Cost of sales	(7,046)	(139)	(7,185)	(8,416)	(185)	(8,601)	1,416	(16%)
Gross profit	**4,708**	**144**	**4,852**	**4,762**	**151**	**4,913**	**(61)**	**(1%)**
GP%	*40%*	*51%*	40%	*36%*	*45%*	36%	*4%*	*11%*
Administrative expenses	(1,763)	(162)	(1,925)	(1,538)	(269)	(1,807)	(118)	7%
Adjusted EBITDA	**2,945**	**(18)**	**2,927**	**3,224**	**(118)**	**3,106**	**(179)**	**(6%)**

Statutory revenue is comprised of MSF income; UCO sales; equipment and supplies sales; the fees generated from the sale and resale of franchise territories; and national corporate accounts ("NCA"), marketing and IT revenues. As UCO sales, which declined to £6.9m from £8.5m in H1 2023 compared with the comparative period, are included within statutory revenue on a gross basis (with the amount paid to the franchisee being included within cost of sales), the decline in UCO revenue had a disproportionate effect on statutory revenue, which declined 11% to £12.0m from £13.5m.

The reduction in the value of UCO sales combined with a reduction in Filta's margin to 16% from 17% in the comparative period resulted in a decline in income from this activity of 25% to £1.1m (H1 2023: £1.5m).

Administrative expenses in North America increased by 15% in the period as a result of the strengthening of the senior management team with the appointment of the new COO, additional software development costs and a significant increase in professional costs. As a consequence, Adjusted EBITDA from the core franchise business (excluding UCO) grew by 2% to £3.3m (H1 2023: £3.2m). Overall, Adjusted EBITDA, including UCO sales, fell by 9% to £2.9m (H1 2023: £3.2m).

System sales in Europe are generated from fryer management, seal replacement and GRU installations. Overall, System sales were flat and gross profit fell by 5%. However, a re-organisation resulted in a reduction in overheads of 40% leading to the business being close to breakeven compared to a modest loss in the prior period.

B2C Division

The results of the B2C division may be summarised as follows:

B2C	2024	2023	Change	Change
	£'000	£'000	£'000	%
System sales	**13,248**	**12,880**	**368**	**3%**
Statutory revenue	**2,975**	**3,134**	**(159)**	**(5%)**
Cost of sales	(551)	(666)	115	(17%)
Gross profit	**2,424**	**2,468**	**(44)**	**(2%)**
GP%	*81%*	*79%*	*3%*	*3%*
Administrative expenses	(1,386)	(1,317)	(69)	5%
Adjusted EBITDA	**1,038**	**1,151**	**(113)**	**(10%)**

Overall, System sales of the B2C division grew by 3% in H1 2024. This was driven by a 9% increase in the average order values at ChipsAway which represents 72% of divisional System sales.

The key Statutory revenue streams are MSF and Area Sales income. MSF income was flat in H1 2024, as whilst the monthly fee increased, the number of franchisees over the period reduced. Area sales income declined as the number of new franchisees recruitment declined. Overall Statutory revenue declined by 5% to £3m from £3.1m, although the savings in cost of sales as a result of fewer new franchisees restricted the decline in gross profit to just 2%.

Strict overhead control in a period of inflationary pressures restricted the growth in overheads to 5%. Adjusted EBITDA declined by 10% to £1.0m (H1 2023: £1.2m) which we consider a solid result given the challenging environment.

Azura

Azura is a SaaS supplier of franchise management software to the Group and over 35 other franchise businesses. The results for the period may be summarised as follows:

	Azura 2024	Azura 2023	Change	Change
	£'000	£'000	£'000	%
System sales	431	369	**62**	**17%**
Statutory revenue	430	369	**61**	**17%**
Cost of sales	(0)	(0)	(0)	0%
Gross profit	430	369	**61**	**17%**
GP%	*100%*	*100%*	*(0%)*	*0%*
Administrative expenses	(363)	(270)	(93)	35%
Adjusted EBITDA	67	99	**(32)**	**(32%)**

Statutory revenue is comprised of third-party income of £0.2m (H1 2023: £0.2m) and charges to Group companies of £0.2m (H1 2023: £0.2m), which eliminate on consolidation. During the first half Azura has invested in its internal resources to support the rollout of the Vision works-management platform throughout the Pirtek Group which has resulted in a significant increase in overheads and reduced Adjusted EBITDA.

Adjusted & statutory profit

	H1 2024	H1 2023 restated	Change	Change
	£'000	£'000	**£'000**	**%**
Adjusted EBITDA	**17,761**	12,271	5,490	45%
Depreciation & amortisation of software	**(2,998)**	(1,841)	(1,157)	63%
Finance expense	**(3,996)**	(1,611)	(2,385)	148%
Foreign Exchange	**(200)**	(69)	(131)	190%
Adjusted profit before tax	**10,567**	8,750	1,817	21%
Tax expense	**(2,793)**	(2,077)	(716)	34%
Adjusted profit after tax	**7,774**	6,673	1,101	16%
Amortisation of acquired intangibles	**(5,111)**	(4,027)	(1,083)	
Share-based payment expense	**(557)**	(411)	(146)	
Non-recurring items	**(0)**	(2,991)	2,991	
Other gains and losses	**-**	-	-	
Tax on adjusting items	**1,512**	145	1,367	
Statutory profit	**3,618**	(611)	4,229	692%
Other Comprehensive Income	**101**	-	101	
Total Profit and Other Comprehensive Income	**3,719**	(611)	4,330	709%

Depreciation and amortisation of software increased 63% to £3.0m (H1 2023: £1.8m), principally due to the full six-month impact of the Pirtek acquisition.

The finance expense reflects the additional interest cost of the acquisition debt and an increase in the rate from 7.2% in 2023 to 7.8% in H1 2024. The interest margin, however, reduced from 2.75% at the completion of the Pirtek transaction to 2.5% at 30 June 2024. A further reduction is anticipated in H2 2024.

The overall effective tax rate of the Group has increased by 2.7% from 23.7% to 26.4% as a result of the higher UK tax rate of 25%, and the Pirtek acquisition as tax rates in Europe can be higher than in the UK. For example, the combined state, local, and trade taxes in Germany are 30%.

The increase in the amortisation of acquired intangibles reflects the full six-month impact of the Pirtek acquisition and the final valuation of these assets.

The increase in the share-based payment expense principally reflects additional grants made to the Pirtek team and other new employees who joined the group during 2023.

Statutory profit after tax rose to £3.7m (H1 2023: £(0.6)m). The loss in H1 2023 arose primarily as a result of the non-recurring and exceptional acquisition costs.

Earnings per share

The Adjusted and basic EPS is shown in table below:

	H1 2024	EPS	H1 2023	EPS
	£'000	p	£'000	p
Adjusted profit after tax	**7,774**	**4.04**	**6,673**	**4.34**
Amortisation of acquired intangibles	(5,111)	(2.66)	(4,027)	(2.62)
Share based payment	(557)	(0.29)	(411)	(0.27)
Non-recurring costs	(0)	(0.00)	(2,991)	(1.95)

Tax on adjusting items	1,512	0.79	145	0.09
Statutory profit after tax	**3,618**	**1.88**	**(611)**	**(0.40)**

The total number of ordinary shares in issue as at 30 June 2024 was 193,784,080 (31 December 2023: 193,784,080).

The Employee Benefit Trust ("EBT") started the year holding 1,562,685 ordinary shares, disposed of 133,750 ordinary shares in respect of the exercise of employee shares options, and therefore ended the period holding 1,428,935 ordinary shares. On 30 June, there were 10,141,218 shares under option (5.2% of the total number of ordinary shares), of which 2,395,248 were vested and capable of exercise.

The total number of ordinary shares in issue as at 30 June 2024 net of the EBT holding was 192,355,145 (31 December 2023: 192,221,395), and the basic weighted average number of ordinary shares in issue for H1 was 193,784,080 (H1 2023: 155,560,028).

As a result of the increased interest cost of the Pirtek acquisition debt, a 2.7% increase in the tax rate and a 25% increase in the average number of shares in issue, Adjusted earnings per share decreased by 7% to 4.04p (H1 2023: 4.34p). Basic earnings per share based on statutory profit after tax increased to 1.88p (H1 2023: (0.40)p as restated).

Financing and cash flow

A summary of the Group cash flow for the period is set out in the table below.

	Unaudited 30 June 2024 £'000	**Restated Unaudited 30 June 2023 £'000**	**Audited 31 December 2023 £'000**
Adjusted EBITDA	**17,761**	**12,272**	**30,101**
Acquisition and reorganisation costs	-	(6,270)	(6,159)
Working capital movements	(4,977)	(5,291)	(61)
Cash generated from operations	**12,784**	**711**	**23,881**
Taxes paid	(1,007)	(605)	(4,498)
Purchases of property, plant and equipment	(592)	(490)	(986)
Purchase of software	(670)	(521)	(1,350)
Purchase of IP	(11)	-	(522)
Acquisition of subsidiaries net of cash	-	(200,602)	(48,894)
Acquired debt repaid	-	-	(136,747)
Funds raised via debt	-	100,012	100,012
Funds raised via equity	-	114,251	94,106
Bank loans received / (repaid)	(3,500)	-	(13,000)
Interest Paid	(3,548)	-	(5,374)
Lease payments	(2,045)	(1,002)	(2,687)
Funds supplied (to)/received from EBT	115	(32)	192
Dividends paid	-	(1,433)	(3,371)
Other net movements	(55)	(101)	859
Net cash movement	**1,471**	**10,188**	**1,621**
Net cash at beginning of period	12,278	10,935	10,935
Exchange differences on cash and cash equivalents	(75)	-	(278)
Net cash at end of period	**13,674**	**21,123**	**12,278**

The Group generated cash from operating activities of £12.8m (H1 2023: £7.0m), resulting in a cash conversion rate of 72% (H1 2023: 57%), excluding the cost of the Pirtek acquisition and reorganisation costs in H1 2023.

Taxes paid increased as profits increased, and the Group moved to quarterly advance payments. Purchases of property, plant, and equipment increased due to the addition of the Pirtek DLO operations. The purchase of software represents the capitalised element of expenditure on software development.

The H1 2023 acquisition cost, debt and equity fund raising all relate to the Pirtek acquisition. During H1 2024, £3.5m of the term loan was repaid. Interest paid represents the cost of servicing this debt.

Lease payments have increased as a result of the acquisition as Pirtek uses lease finance to fund the mobile service vehicles used in its service centres.

The dividend payment in H1 2023 related to the final dividend for 2022. The final dividend for 2023 was not paid until July 2024.

Overall, the business generated a net cash inflow during the period of £1.5m (H1 2023: £10.2m). The overall closing position may be summarised as follows:

	30 June 2024 £'000	31 December 2023 £'000	Change £'000
Cash	**13,674**	12,278	1,396
Term loan	**(45,000)**	(50,000)	5,000
RCF	**(38,289)**	(36,908)	(1,381)
Loan fee	**823**	749	74
Hire purchase debt	**(1,103)**	(837)	(266)
Adjusted (net debt)/net cash	**(69,895)**	**(74,719)**	**4,824**
Other lease debt	**(9,660)**	(7,567)	(2,093)
(Net Debt) / Net cash	**(79,555)**	**(82,286)**	**2,731**

The Group finished the period with cash of £13.7m (31 December 2023: £12.3m) and Adjusted net debt of £69.9m. Right of use assets totalled £9.7m (31 December 2023: £7.6m).

The Group's Adjusted net debt, as used to test the bank covenants, represents 1.9x Adjusted EBITDA based on the consensus of current market expectations for the full year 2024, in line with the medium-term strategic model outlined at our Capital Markets Day in February 2024.

Dividend

The Board is pleased to declare an interim dividend of 1.1 pence per share (H1 2023: 1.0 pence per share). The interim dividend will be paid to those shareholders on the register at the close of business on 4 October 2024 and will be paid on 1 November 2024.

Andrew Mallows

Interim Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Unaudited 6 months ended 30 June 2024 £'000	*Restated unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Revenue		**69,800**	51,875	121,265
Cost of sales		**(25,940)**	(22,640)	(50,060)
Gross profit		**43,860**	29,235	71,205
Adjusted EBITDA		**17,761**	12,272	30,101
Depreciation		**(2,429)**	(1,448)	(3,492)
Amortisation of software		**(569)**	(393)	(925)
Amortisation of acquired intangibles		**(5,111)**	(4,028)	(7,718)
Impairment loss		**(148)**	-	(96)
Share-based payment expense		**(557)**	(411)	(838)
Non-recurring items		**-**	(2,991)	(6,159)
Total administrative expenses		**(34,913)**	(26,234)	(60,332)
Operating profit		**8,947**	3,001	10,873
Foreign exchange loss		**(200)**	-	(146)
Finance expense		**(3,848)**	(1,611)	(5,711)
Profit before tax		**4,899**	1,390	5,016
Tax expense		**(1,281)**	(1,932)	(1,979)
Profit attributable to equity holders of the Parent Company		**3,618**	(542)	3,037
Other comprehensive (expense)/income				
Actuarial gains		**26**	-	63
Exchange differences on translation of foreign operations		**75**	(69)	(131)
Total comprehensive income attributable to equity holders of the Parent Company		**101**	(69)	(68)
Total profit and other comprehensive income for the year attributable to equity holders of the Parent Company		**3,719**	(611)	2,969
Earnings per share (p)				
Basic	2	**1.88**	(0.40)	1.75
Diluted	2	**1.86**	(0.39)	1.73

**See note 1 for details*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Unaudited 30 June 2024 £'000	Audited 31 December 2023 £'000
Assets		
Non-current assets		
Intangible assets	**300,183**	305,328
Property, plant and equipment	**4,512**	4,418
Right-of-use assets	**10,649**	8,404

Right-of-use assets	[illegible]	[illegible]
Contract acquisition costs	**397**	427
Trade and other receivables	**459**	641
Total non-current assets	**316,200**	319,218
Current assets		
Inventories	**7,226**	7,062
Trade and other receivables	**46,703**	42,701
Contract acquisition costs	**90**	79
Current tax asset	**77**	1,104
Cash and cash equivalents	**13,674**	12,278
Total current assets	**67,770**	63,224
Total assets	**383,970**	382,442
Liabilities		
Current liabilities		
Trade and other payables	**33,757**	34,746
Loans and borrowings	**9,177**	9,251
Obligations under leases	**2,857**	2,617
Deferred income	**1,710**	1,318
Current tax liability	**1,271**	603
Total current liabilities	**48,772**	48,535
Non-current liabilities		
Loans and borrowings	**73,289**	76,908
Obligations under leases	**7,906**	5,787
Deferred income	**2,752**	2,894
Deferred tax liability	**32,788**	33,925
Total non-current liabilities	**116,735**	119,514
Total liabilities	**165,507**	168,049
Total net assets	**218,463**	214,393
Issued capital and reserves attributable to owners of the Parent		
Share capital	**969**	969
Share premium	**131,131**	131,131
Share-based payment reserve	**2,469**	1,936
Merger reserve	**69,754**	69,754
EBT reserve	**(2,565)**	(2,679)
Translation reserve	**99**	24
Retained earnings	**16,606**	13,258
Total equity attributable to equity holders	**218,463**	214,393

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Unaudited 6 months ended 30 June 2024 £'000	*Restated unaudited 6 months ended 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Cash flows from operating activities			
Profit for the period	**3,618**	(611)	3,037
Adjustments for:			
Depreciation of property, plant and equipment	**616**	620	1,066
Depreciation of right-of-use assets	**1,813**	906	2,427
Amortisation of software	**569**	315	925
Amortisation of acquired intangibles	**5,111**	4,028	7,718
Non-recurring charges	**-**	-	786
Share-based payment expense	**557**	411	838
Gain on disposal of property, plant and equipment	**(5)**	-	(54)
Defined benefit obligation current service costs	**11**	-	-
Finance expense	**3,848**	1,611	5,711
Exchange differences on translation of foreign operations	**186**	69	76
Income tax expense	**1,281**	1,932	1,979
Operating cash flow before movements in working capital	**17,605**	9,281	24,509
Increase in trade and other receivables	**(3,711)**	(17,477)	(3,767)
(Increase)/decrease in inventories	**(239)**	(5,282)	338
(Decrease)/increase in trade and other payables	**(1,026)**	17,469	3,368
Cash generated from operations	**12,629**	3,990	24,448
Income taxes (paid)/received	[illegible]	[illegible]	[illegible]

Income taxes (paid)/received	**(1,007)**	(605)	(4,498)
Net cash generated from operating activities	**11,622**	3,385	19,950
Cash flows from investing activities			
Purchases of property, plant and equipment	**(646)**	(490)	(1,183)
Purchase of software	**(670)**	(521)	(1,350)
Proceeds from the sale of property, plant and equipment	**54**	-	251
Purchase of intellectual property	**(11)**	-	(522)
Loans to franchisees	**(81)**	-	(149)
Loans to franchisees repaid	**181**	134	412
Acquisition of subsidiary including costs, net of cash acquired	**-**	(63,707)	(48,894)
Net cash used in investing activities	**(1,173)**	(64,584)	(51,435)
Cash flows from financing activities			
Bank loans - received	**2,000**	100,012	100,012
Bank loans - repaid	**(5,500)**	(49,222)	(62,097)
Loan notes - repaid	**-**	(29,080)	(29,155)
Preference shares - repaid	**-**	(58,593)	(58,520)
Capital element of lease obligations repaid	**(1,754)**	(1,002)	(2,362)
Interest paid - bank and other loan	**(3,548)**	(8)	(5,374)
Interest paid - finance leases	**(291)**	(104)	(325)
Proceed from issue of shares	**-**	110,972	94,106
Proceeds from sale/(purchase) of shares by the Employee Benefit Trust	**115**	(32)	192
Dividends paid	**-**	(1,433)	(3,371)
Net cash generated from/used in financing activities	**(8,978)**	71,510	33,106
Net increase/decrease in cash and cash equivalents	**1,471**	10,311	1,621
Cash and cash equivalents at beginning of period	**12,278**	10,935	10,935
Exchange differences on cash and cash equivalents	**(75)**	(123)	(278)
Cash and cash equivalents at end of period	**13,674**	21,123	12,278

**See note 1 for details*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Group	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Merger reserve £'000	Translation reserve £'000	*Restated EBT reserve £'000	*Restated Retained earnings £'000	Total £'000
At 1 January 2023	**652**	**37,293**	**1,217**	**52,212**	**155**	**(3,007)**	**14,518**	**103,040**
Correction of errors	-	-	-	-	-	136	(492)	(356)
***Restated At 1 January 2023**	**652**	**37,293**	**1,217**	**52,212**	**155**	**(2,871)**	**14,026**	**102,684**
Profit for the period	-	-	-	-	-	-	(611)	(611)
Foreign exchange translation differences	-	-	-	-	(108)	-	-	(108)
Total comprehensive income	-	-	-	-	(108)	-	(611)	(719)
Contributions by and distributions to owners:								
Shares issued	317	96,392	-	17,542	-	-	-	114,251
Share placing costs charged to share premium	-	(3,279)	-	-	-	-	-	(3,279)
Dividend paid	-	-	-	-	-	-	(1,433)	(1,433)
Contributions to Employee Benefit Trust	-	-	-	-	-	(33)	-	(33)
Share-based payment	-	-	337	-	-	-	-	337
At 30 June 2023	**969**	**130,406**	**1,554**	**69,754**	**47**	**(2,904)**	**11,982**	**211,808**
Profit for the period	-	-	-	-	-	-	3,648	3,648
Other comprehensive income	-	-	-	-	-	-	63	63
Foreign exchange translation differences	-	-	-	-	(23)	-	-	(23)
Profit for the year and total comprehensive income	-	-	-	-	(23)	-	3,711	3,688
Contributions by and distributions to owners:								
Shares issued	-	-	-	-	-	-	-	-
Share placing costs charged to share premium	-	725	-	-	-	-	-	725
Dividend paid	-	-	-	-	-	-	(1,938)	(1,938)
Contributions to Employee Benefit Trust	-	-	-	-	-	225	-	225
Share-based payment	-	-	382	-	-	-	-	382
Tax on share-based payment expense	-	-	-	-	-	-	(496)	(496)
At 31 December 2023	**969**	**131,131**	**1,936**	**69,754**	**24**	**(2,679)**	**13,258**	**214,393**
Profit for the period	-	-	-	-	-	-	3,618	3,618
Other comprehensive income	-	-	-	-	-	-	26	26

Foreign exchange translation differences	-	-	-	-	75	-	-	75
Profit for the year and total comprehensive income	-	-	-	-	75	-	3,644	3,719
Contributions by and distributions to owners:								
Shares issued	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Contributions to Employee Benefit Trust	-	-	-	-	-	114	-	114
Share-based payment	-	-	533	-	-	-	-	533
Tax on share-based payment expense	-	-	-	-	-	-	(296)	(296)
At 30 June 2024	**969**	**131,131**	**2,469**	**69,754**	**99**	**(2,565)**	**16,606**	**218,463**

*See note 1 for details

Accounting policies

Basis of preparation

The consolidated financial statements for the six months ended 30 June 2024 are unaudited and were approved by the Directors on 16 September 2024. They do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The consolidated financial statements for the six months ended 30 June 2023 are also unaudited. The financial statements for the year ended 31 December 2023 were prepared in accordance with IFRS have been delivered to the Registrar of Companies. The report of the auditor on those financial statements was unqualified and did not draw attention to any matters by way of emphasis of matter. The Group's financial statements consolidate the financial statements of Franchise Brands plc and its subsidiaries.

Applicable standards

These unaudited consolidated interim financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards under the historical cost convention. They have not been prepared in accordance with IAS 34, the application of which is not required to the interim financial statements of AIM companies. The interim financial statements have been prepared in accordance with the accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 December 2023.

Going concern

The condensed financial statements have been prepared on a going concern basis. The Group has generated profits both during the period covered by these financial statements and in previous years. These profits have resulted in operating cash inflows into the Group, and the Group has sufficient current financial assets to meet its current liabilities as they fall due.

Notes to the unaudited results for the six months ended 30 June 2024

1. Restatements

During the prior year a number of errors were identified that have given rise to restatement of the June 2023 accounts which were set out in Note 1 of the 2023 Annual Report & Accounts.

2. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive share options at the start of the period or, if later, the date of issue.

Earnings per share

	Six months	Six months	Year ended

	ended 30 June 2024 £'000	ended 30 June 2023 £'000	31 December 2023 £'000
Profit attributable to owners of the Parent Company	**3,618**	(611)	3,037
Non-recurring costs	**-**	2,991	6,159
Amortisation of acquired intangibles	**5,111**	4,027	7,718
Share-based payment expense	**557**	411	838
Tax on adjusting items	**(1,512)**	(145)	(3,174)
Adjusted profit attributable to owners of the Parent Company	**7,774**	6,673	14,578

	Number	Number	Number
Basic weighted average number of shares	**192,290,101**	153,781,948	173,090,691
Dilutive effect of share options	**2,268,174**	2,452,633	2,241,161
Diluted weighted average number of shares	**194,558,275**	156,234,581	175,331,852

	Pence	Pence	Pence
Basic earnings per share	**1.88**	(0.40)	1.75
Diluted earnings per share	**1.86**	(0.39)	1.73
Adjusted earnings per share	**4.04**	4.34	8.42
Adjusted diluted earnings per share	**4.00**	4.27	8.31

3. Availability of this report

This half-year results report will not be sent to shareholders but is available on the Company's website at https://www.franchisebrands.co.uk/investor-information/reports-presentations/#interim-reports.